fixed percentage of the gross proceeds to be received by the Government from the disinvestment. Since it is directly linked with the amount of money realisible from disinvestment, it serves as an incentive to the Advisor to get the best price from disinvestment.

The other component of the fee is called 'drop dead fee' which is lump sum amount payable to the advisor only in the event of the transaction being called off by the Government.

The fees for specific transactions vary from transaction to transaction depending on various factors like total realisible value from disinvestment, quantum of work required to complete the transaction, degree of difficulty and chances of success of the transaction etc.

Disinvestment of IPCL

1584. SHRI RAJU PARMAR: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether there has been a proposal under consideration for disinvestment in respect of Indian Petro-chemicals Ltd.;

(b) if so, the details of the proposal and the decision taken thereon;

(c) whether this is likely to render a number of employees jobless and cut down production;

(d) if so, to what extent; and

(e) what arrangements have been and are being made for a golden handshake or VRS for such employees?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (e) On the recommendations of Disinvestment Commission, Government have decided to disinvest 25% equity in Indian Petrochemicals Corp. Ltd. (IPCL) in favour of a strategic buyer through Global Competitive Bids. Pursuant to that decision, the process of disinvestment has been taken up. It has not yet been completed. It is premature at this stage to indicate whether there would be any reduction in manpower or production. Rationalisation of manpower, if any, would be subject

to the existing Laws and regulation of production, if any, would depend upon the market conditions. In accordance with the Government policy, every effort will be made to protect the interests of employees.

Modern Food Industries Losses

† l585. SHRI D. P. YADAV: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the losses in Modern Food Industries are rising after its disinvestment last year;

(b) whether no improvement has taken place in the condition of the employees even after disinvestment; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Prior to disinvestment, Modern Food Industries (India) Limited (MFIL) incurred a loss of Rs. 6.86 crores during 1998-99 and the downslide was continuing. The loss for the 10 months period ending 31.01.2000 has been estimated at Rs. 11.20 crores approximately.

After the disinvestment and handing over of management control of the Company on 31st January, 2000, the steps taken by new mangement include: improvement in work practices, training to personnel in occupational/product safety, improvement in the quality of bread, improvement of Brand image (which had been severely eroded during the pre-disinvestment period), improvement of hygiene, undertaking of plant repairs, modernisation of process equipment and building the market. As a result of these efforts, the steeply declining trend in sales has not only been contained but the bread sales have grown by nearly 40 per cent. The new management has drawn up further market plans for increasing the sales to maximize capacity utilization at various units across the country and the Company is likely to turn around after implementation of these plans.

(b) The staff regulations governing the service conditions of the employees continue to operate. The management has allowed

† Original notice of the question was received in Hindi.